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**DOMESTIC VIOLENCE AND SEXUAL
ASSAULT COALITION, INC.**

**Financial Statements
For the Year Ended June 30, 2008**

7/1/08 - 6/30/08

**DOMESTIC VIOLENCE AND SEXUAL
ASSAULT COALITION, INC.**

**Financial Statements
For the Year Ended June 30, 2008**

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Directors
Domestic Violence and Sexual Assault Coalition, Inc.
Grass Valley, California 95945

We have audited the accompanying statement of financial position of Domestic Violence and Sexual Assault Coalition, Inc. as of June 30, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Domestic Violence and Sexual Assault Coalition, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Domestic Violence and Sexual Assault Coalition, Inc. as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report, dated October 30, 2008, on our consideration of Domestic Violence and Sexual Assault Coalition, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Jensen Smith".

Jensen Smith
Certified Public Accountants
Lincoln, California 95648
October 30, 2008

DOMESTIC VIOLENCE AND SEXUAL COALITION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Current Assets			
Cash	\$	35,491	
Grants Receivable		190,704	
Other Receivables		296	
Prepaid Expenses		3,950	
Other Current Assets		50	
Total Current Assets			\$ 230,491
Equipment			
Office Furniture and Equipment		49,852	
Net Equipment			49,852
Other Assets			
Deposits		978	
Total Other Assets			978
TOTAL ASSETS			<u>\$ 281,321</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Credit Cards Payable	\$	7,227	
Personnel Costs Payable		10,449	
Accounts Payable		11,339	
Accrued Vacation		10,238	
Grant Advance		100	
Line of Credit Payable		51,475	
Total Current Liabilities			\$ 90,828
Long-Term Debt			
Grants Payable		50,332	
Total Long-Term Debt			50,332
Total Liabilities			\$ 141,160
Net Assets			
Unrestricted		96,540	
Temporarily Restricted		-	
Permanently Restricted		43,621	
Total Net Assets			140,161
TOTAL LIABILITIES AND NET ASSETS			<u>\$ 281,321</u>

See Accompanying Notes

DOMESTIC VIOLENCE AND SEXUAL COALITION, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support				
Government Grants	\$ 644,040	\$ -	\$ -	\$ 644,040
Non-Governmental Grants	17,200	-	-	17,200
Program Fees	12,763	-	-	12,763
Donations	12,105	7,658	-	19,763
Marriage License Income	8,839	-	-	8,839
United Way	2,246	-	-	2,246
Fundraisers	15,946	-	-	15,946
Miscellaneous Income	19,623	-	-	19,623
Released from Restriction	7,658	(7,658)	-	-
Total Revenues and Support	740,420	-	-	740,420
Expenses				
Program Services				
Domestic Violence Program	187,931	-	-	187,931
Sexual Assault Program	164,506	-	-	164,506
Batterer's Anger Control Program	21,606	-	-	21,606
Prevention Programs	38,496	-	-	38,496
Shelter Program	193,735	-	-	193,735
Rape Prevention Program	55,202	-	-	55,202
Other Programs	42,379	-	-	42,379
Total Program Services	703,855	-	-	703,855
Supporting Services				
Administrative Expenses	36,317	-	-	36,317
Total Expenses	740,172	-	-	740,172
Increase (Decrease) in Net Assets	248	-	-	248
Net Assets at June 30, 2007	96,292	-	43,621	139,913
Net Assets at June 30, 2008	\$ 96,540	\$ -	\$ 43,621	\$ 140,161

See Accompanying Notes

DOMESTIC VIOLENCE AND SEXUAL COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2008

	Program Services						Supporting Services		
	Domestic Violence	Sexual Assault	Batterer's Anger Control	Prevention	Shelter	Rape Prevention Edu.	Other Programs	Administration	Total Expenses
Payroll Expenses	\$ 111,281	\$ 96,995	\$ 6,041	\$ 24,190	\$ 110,540	31,685	\$ 10,909	\$ 11,303	\$ 402,944
Employee Benefits	28,344	25,747	1,658	6,094	28,889	7,065	3,823	3,436	105,056
TOTAL PERSONNEL COSTS	139,625	122,742	7,699	30,284	139,429	38,750	14,732	14,739	508,000
Rent	8,919	8,259	3,100	4,000	24,000	4,779	8,000	6,415	67,472
Contract Services	4,937	4,613	162	487	2,027	4,632	11,022	324	28,204
Facilitator Fees	4,500	6,000	9,000	-	-	-	-	-	19,500
Program Supplies	2,351	3,993	46	209	623	719	3,530	71	11,542
Outreach and Education	2,626	3,697	21	1,611	266	1,766	21	43	10,051
Telephone	2,636	2,445	597	191	3,383	382	34	200	9,868
Utilities	1,517	269	13	63	6,465	94	-	34	8,455
Fundraising	-	-	-	-	75	-	722	7,311	8,108
Insurance - Liability	2,037	1,688	137	411	1,714	617	137	274	7,015
Audit Expenses	1,850	1,650	-	-	2,000	500	-	-	6,000
Maintenance and Repair	663	566	43	128	2,722	210	37	91	4,460
Training	1,689	1,333	142	247	653	336	3	5	4,408
Office Supplies	1,183	1,012	83	248	977	377	82	180	4,142
Mileage	1,550	706	12	156	506	811	18	138	3,897
Shelter Supplies	-	-	-	-	3,663	-	-	-	3,663
Program Services	-	-	-	-	100	-	3,000	500	3,600
Cash Match Expenses	3,497	-	-	-	-	-	-	-	3,497
Copier Payment	956	819	68	205	854	307	68	137	3,414
Loan and Interest Exp.	-	-	-	-	-	-	-	3,336	3,336
Small Equipment	800	852	4	10	36	19	904	9	2,634
Travel	1,417	137	356	20	416	282	-	-	2,628
Answering Service	1,238	1,238	-	-	-	-	-	-	2,476
Dues and Subscriptions	705	675	14	40	261	314	12	128	2,149
Employee Expenses	549	483	64	66	405	122	21	136	1,846

See Accompanying Notes

DOMESTIC VIOLENCE AND SEXUAL COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2008

	Domestic Violence	Program Services						Supporting Services	
		Sexual Assault	Batterer's Anger Control	Prevention	Shelter	Rape Prevention Edu.	Other Programs	Administration	Total Expenses
Client Transportation	24	-	-	-	1,566	-	-	-	1,590
Meals & Entertainment	54	-	-	-	-	-	-	1,115	1,169
Emergency Fund Expenses	1,056	-	-	-	-	-	-	-	1,056
Postage & Delivery	356	211	13	54	202	78	13	75	1,002
Computer Expense	397	387	5	15	63	23	5	10	905
Garbage	-	-	-	-	774	-	-	-	774
Bank Charges	-	-	11	-	-	-	-	698	709
Insurance-General	144	144	-	-	289	-	-	-	577
Insurance - Directors & Officers	121	103	9	26	108	39	9	17	432
Volunteer Expense	228	191	-	-	-	-	-	-	419
Office Expense	124	105	6	22	6	39	6	16	324
Automobile	54	54	-	-	109	-	-	-	217
Security	108	108	-	-	-	-	-	-	216
Licenses and Permits	15	13	1	2	39	4	-	77	151
Miscellaneous	5	4	-	1	4	2	-	87	103
Finance Charges	-	-	-	-	-	-	-	83	83
Meeting Expenses	-	9	-	-	-	-	3	68	80
TOTAL OTHER EXPENSES	48,306	41,764	13,907	8,212	54,306	16,452	27,647	21,578	232,172
TOTAL COMBINED COSTS	\$ 187,931	\$ 164,506	\$ 21,606	\$ 38,496	\$ 193,735	\$ 55,202	\$ 42,379	\$ 36,317	\$ 740,172

See Accompanying Notes

DOMESTIC VIOLENCE AND SEXUAL COALITION, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2008

Cash Flows From Operating Activities	
Increase in Net Assets	\$ 248
Adjustments to Reconcile Increase in Net Assets to Cash	
(Increase) Decrease in Assets	
Grants Receivable	(19,074)
Prepaid Expenses	(2,093)
Other Receivables	(5)
Other Current Assets	(50)
Deposits	877
Increase (Decrease) in Liabilities	
Credit Cards Payable	6,802
Personnel Costs Payable	1,816
Accounts Payable	(9,265)
Accrued Vacation	(3,108)
Net Cash Used by Operating Activities	<u>(23,852)</u>
Cash Flows From Investment Activities	
Purchase of Equipment	<u>(6,231)</u>
Net Cash Used by Investment Activities	(6,231)
Cash Flows From Financing Activities	
Advances on Line of Credit	51,475
Reduction of Grants Payable	<u>(15,602)</u>
Net Cash Provided by Financing Activities	<u>35,873</u>
Net Increase in Cash	5,790
Beginning Cash at July 1, 2007	<u>29,701</u>
Net Cash at June 30, 2008	<u><u>\$ 35,491</u></u>

NOTE: Interest and finance charges paid during the year ended June 30, 2008 was \$3,419.

See Accompanying Notes

DOMESTIC VIOLENCE AND SEXUAL ASSAULT COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: Nature of Organization

The Domestic Violence and Sexual Assault Coalition, Inc.(DVSAC) has served Nevada County since 1978, first as a community group and then as a not-for-profit Corporation. DVSAC incorporated in the State of California in September 1980 for the purpose of offering crisis intervention and safe housing, to the victims of domestic violence and their families in Nevada County. DVSAC has since expanded their services to include counseling and advocacy services to survivors of sexual assault, as well as other related services. The mission of DVSAC is to work towards eliminating domestic violence and sexual assault and to reduce their effects in our community through prevention, education, services, community involvement and crisis intervention.

DVSAC now offers a full range of services including but not limited to: a 24-hour crisis line, walk-in crisis intervention and support groups, shelter for women and children escaping domestic violence, emergency food, clothing, safe housing and transportation, individual and group counseling for victims of domestic violence and sexual assault, children and teen counseling and support groups, legal and medical accompaniment and advocacy for victims, assistance with obtaining restraining orders, outreach and prevention in school and community, referral services and anger management and batterers' treatment programs.

With exception of the anger management and batterers' treatment programs all services are free of charge. Funding is provided in large part by federal and state grants from the Office of Emergency Services and the Maternal and Child Health branch of the State of California Department Public Health. Individual, corporate, and foundation donors are also significant portion of the funding for services, included United Way of Nevada County, Nevada County First Five Children and Families First Commission, and the County of Nevada.

The Domestic Violence and Sexual Assault Coalition, Inc. is a nonprofit corporation exempt from income tax and has been classified under Section 509(a)(2) of the Internal Revenue Code as a Publicly Supported Organization, not a private foundation and qualifies for the 50% charitable contribution deduction for individual donors. It did not have unrelated business income during year ended June 30, 2008.

DOMESTIC VIOLENCE AND SEXUAL ASSAULT COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: Nature of Organization - Continued

Description of Programs

- Domestic Violence – Provides services, counseling and referrals to victims and families (both actual and potential) of domestic violence.
- Sexual Assault – Provides emergency services, counseling, educational presentations and support to victims and those who may be affected by sexual assault or abuse.
- Domestic Violence Prevention – Provides educational and counseling groups to high school and middle school students in western Nevada County to teach students how to prevent and recognize relationship abuse, and to offer resources to those who are victims.
- Batterer's Treatment Program – Provides ongoing counseling and education for men and women who have been abusive or who fear they may become abusive to those to whom they are related. During the fiscal year, the men's program was suspended and transferred elsewhere.
- Emergency Shelter – Battered women and children safe house shelter program with all in-house services. Emergency Shelter and associated services are also available to male victims.
- Rape Prevention Education – Provides education to high school and middle school students, as well as the community at large, about preventing sexual assault by strangers, acquaintances or in dating relationships. Includes free self-defense classes.

NOTE 2: Significant Accounting Policies

Accounting Method

The Domestic Violence and Sexual Assault Coalition, Inc. prepares its financial statements on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DOMESTIC VIOLENCE AND SEXUAL ASSAULT COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2: Significant Accounting Policies-continued

Classes of Net Assets

The financial statements report amounts by class of net assets:

- a.) Unrestricted Net Assets are those currently available for use in the activities of Domestic Violence and Sexual Assault Coalition, Inc. under the direction of the board, and those resources invested in equipment and furniture.
- b.) Temporarily Restricted Net Assets are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment; or those not currently available for use until commitment regarding their use have been fulfilled or lifetime beneficiary interests have ceased. It is the Organization's policy to classify restricted donations received and released from restriction within the same period as unrestricted.
- c.) Permanently Restricted Net Assets are those contributed with the donor stipulation that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes, and equipment funded by grants as described below.

Accrued Vacation

Accrued vacation includes vacation time earned and payable at June 30, 2008. Upon termination of employment, sick leave is not required to be paid under State law and, therefore, is not included in the calculation of accrued vacation.

Equipment

The Organization capitalizes all asset purchases and donations with a value over \$1,000.00. Purchased fixed assets are capitalized at historical cost. Donated fixed assets are recorded as contributions at their estimated fair market value. Such donations are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed when incurred, while betterments are capitalized and depreciated. Depreciation is recognized using the straight-line method over the useful lives of the assets.

DOMESTIC VIOLENCE AND SEXUAL ASSAULT COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2: Significant Accounting Policies - Continued

Equipment - continued

The financial statements do not include depreciation on equipment purchased with grant funds, as title remains with the funding agency and the equipment will be returned to the funding agency upon completion of the program for which it was purchased.

Equipment funded by grants is included in the equipment total on the Statement of Financial Position and the equity in that equipment is recorded in Permanently Restricted Net Assets for control purposes only and does not represent an equity interest by DVSAC.

NOTE 3: Grants Receivable

At June 30, 2008, Grants Receivable contained the following receivables:

Department of Health-Rape Prevention Education	\$ 20,791
Maternal, Child & Adolescent Health – Shelter and Prevention	55,332
Office of Emergency Services – Domestic Violence	58,410
Office of Emergency Services – Sexual Assault	55,296
Other Miscellaneous Grants	875
Total Grants Receivable	<u>\$ 190,704</u>

NOTE 4: Concentration of Revenue Source and Receivables

The organization received approximately 47% of its total revenues and support from one funding agency and 30% from another during this fiscal year. Receivables from these funding sources were \$113,706 and \$55,332, respectively at June 30, 2008. If these government contracts or programs are cancelled or not renewed, the Organization would be unable to continue its current programs.

NOTE 5: In-Kind Income

The organization receives substantial in-kind contributions from volunteers who respond to a 24-hour crisis line. The value of these hours is not reported in the financial statements because they do not meet the criteria in Financial Accounting Standards Board (FASB) pronouncement no. 116 for recognizing contributed services in the financial statements of a nonprofit organization. During year ended June 30, 2008, these services were valued at \$12 an hour for purposes of matching funds from the State of California Office of Emergency Services and totaled \$54,906.

DOMESTIC VIOLENCE AND SEXUAL ASSAULT COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6: Leases

At June 30, 2008, the organization had the following lease obligations for office space and equipment:

Fiscal years ending June 30,	2009	2010	2011	2012
Office Space	\$50,235	\$ 8,373	\$ -	\$ -
Shelter	24,200	21,000	-	-
Copier Lease	3,180	3,180	3,180	2,385
Totals	<u>\$77,615</u>	<u>\$ 32,553</u>	<u>\$ 3,180</u>	<u>\$ 2,385</u>

NOTE 7: Line of Credit

The Organization has established a line of credit, secured by a Uniform Commercial Code Form (UCC-1), in the amount of \$150,000 with Citizens Bank of Nevada County. Interest is charged at the bank's prime rate plus a margin of 2.00%. At June 30, 2008, this rate was 7.25% per annum. At June 30, 2008, the balance of this line of credit was \$51,475.

NOTE 8: Grants Payable

During fiscal year ended September 30, 2003 the Organization retroactively implemented the Organization's cost allocation plan. The implementation of the plan resulted in over and under billings on reimbursement grants whose funding periods had closed. The Office of Criminal Justice Planning Grant for the Sexual Assault Program was over billed for \$18,112, and the grant for the Domestic Violence Program had \$15,602 in unbilled expenses for the same period.

The Sexual Assault Program's over billings were accrued as a grant payable to the Office of Criminal Justice Planning. The Office of Emergency Services (OES), has taken over the administration of the Office of Criminal Justice Planning's grants. In May 2008, OES determined that the overbilled amounts on the Sexual Assault Program and the unbilled amounts on the Domestic Violence program could be netted. This resulted in the recognition of \$15,602 of miscellaneous income and a remaining liability of \$2,510.

DOMESTIC VIOLENCE AND SEXUAL ASSAULT COALITION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8: Grants Payable - Continued

During the fiscal year ended June 30, 2006, the previous Executive Director of the Organization requested additional funding related to fiscal year 2003-2004 from the California Department of Health Services, Maternal and Child Health, for the shelter program. It was determined that these funds were reimbursed by other grants during the fiscal year ended June 30, 2004. This created an over-billed amount of \$47,822. The grantor has requested these funds to be reimbursed to the California Department of Health Services, Maternal and Child Health, and therefore a liability has been recorded for this amount.

NOTE 9: Related Party Transaction

The Organization has contracted with a company owned by the spouse of the Associate Director to provide computer services and consulting services. The total amount of the fees paid to the related party for the year ended June 30, 2008 was \$4,700.

The Organization contracted with the previous executive director to provide consulting services during the transition to the new executive director. The total amount paid for consulting service was \$1,815.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Domestic Violence and Sexual Assault Coalition, Inc.
Grass Valley, California

We have audited the financial statements of Domestic Violence and Sexual Assault Coalition, Inc. (DVSAC) as of and for the year ended June 30, 2008 and have issued our report thereon dated October 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DVSAC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the DVSAC's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the organizations' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the

organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described below as findings 08-01 to be a significant deficiency.

08-01 Labor was distributed to federal grants using budgeted, not actual numbers

Condition: Although employees prepared timesheets classified by grant, billings were prepared using budgeted numbers not these actual hours worked.

Criteria: Nonprofit organizations receiving federal funds must follow the cost principles in OMB Circular A-122 "Cost Principles for Nonprofit Organizations". These principles do not allow for billing grants by budgeted numbers and require the use of classified timesheets on a contemporary basis.

Cause: Because the actual results closely followed the budgeted numbers the Fiscal Manager thought using budgeted numbers would be an acceptable method for billing federal grants.

Effect: Unknown. Without recalculating all grant billings it is not possible to state whether federal grants were over or under billed using the method described above.

Recommendation: We recommend that DVSAC bill federal grants using the actual timesheet classifications based on actual hours worked.

Response: We will bill the federal grants using the actual timesheet classifications based on actual hours worked.

A material weakness is a significant deficiency, or combination significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DVSAC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards and described above as finding 08-01.

We noted certain matters that we reported to management of DVSAC in a separate letter dated October 30, 2008.

Management's response to the finding identified in our audit is listed above. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Board of Directors, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jensen Smith".

Jensen Smith
Certified Public Accountants
Lincoln, California 95648
October 30, 2008

P.O. Box 160
661 5th Street, Suite 103
Lincoln, CA 95648
Office (916) 434-1662
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October 30, 2008

Board of Directors
Domestic Violence and Sexual Assault Coalition Inc.
Grass Valley, California

Dear Ladies and Gentlemen,

In planning and performing our audit of the financial statements of the Domestic Violence and Sexual Assault Coalition, Inc. for the year ended June 30, 2008 we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated October 30, 2008, on the financial statements of DVSAC.

Our comments are summarized as follows:

- 1.) At June 30, 2008, the bank reconciliation showed 15 stale dated checks for a total of \$2,153.77. Good business practices dictate that the bank reconciliations be reviewed and reconciling items be followed up on in a timely matter. Management did eliminate these reconciling items after the year end.
- 2.) In reviewing the volunteer time sheet logs, it was noted that the logs do not always include the signature/initials of the volunteer and the supervisor. Because volunteer hours constitute a significant grant match, all timesheets should be signed by the volunteer and indicate review and approval by an appropriate supervisor. Better care should be exercised when documenting volunteer hours.
- 3.) The size of the Organization's accounting and administrative staff preclude certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.
- 4.) The Corrective Action Plan for the Office of Emergency Services Rape Crisis and Domestic Violence Assistance Programs indicates how you will be allocating costs for fiscal year 2009-2010 so that costs are charged to federal grants according to the

principles contained in Office of Management and Budget Circular A-122 "Cost Principles for Nonprofit Organizations". We strongly recommend you review how costs will be charged to federal grants for fiscal year 2008-2009 to assure compliance for that fiscal year and avoid a repeated audit finding of non-compliance.

The audit went very smoothly this year. Your financial management team has made great efforts to organize the financial reporting and they should be commended for their efforts. We are sure you appreciate their organizational skills as much as we do.

Thank you for the confidence you have shown in selecting us to be your auditors. Best wishes for a successful year.

Sincerely,

A handwritten signature in cursive script that reads "Jensen Smith".

Jensen Smith
Certified Public Accountants
Lincoln, California